



The President's Daily Brief

21 May 1973

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THE PRESIDENT'S DAILY BRIEF

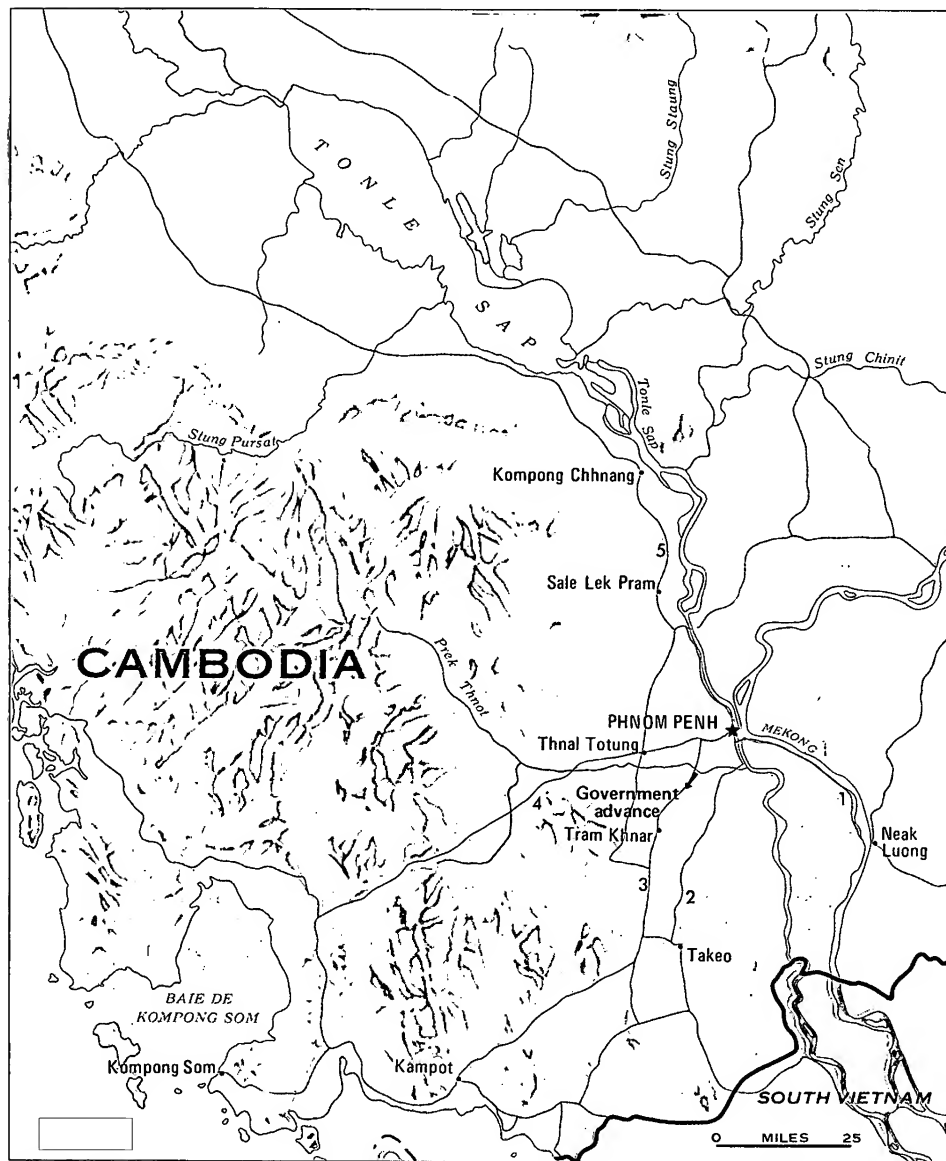
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PRINCIPAL DEVELOPMENTS

The Khmer Communists have initiated little military activity in the last several days, but evidently plan to put heavy pressure on Phnom Penh in coming weeks. (Page 1)

Soviet officials say they expect the level of trade with China this year to remain about the same as in 1972, when it reached \$250 million, a five-fold increase from the low point of two years earlier. (Page 2)

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CAMBODIA

There has been a general lull in Communist-initiated military activity over the last several days, probably because of the need to resupply and move forces before the rainy season.

Recent intercepted Khmer Communist messages indicate that many units are low on ammunition and food, and sickness has weakened others. Other messages indicate that the Communists are shifting some forces from the Takeo area to assist in the campaign along Route 3 and to prepare for attacks on Route 4 west of Phnom Penh. According to an intercept of May 17, the Communists intend to cut Route 4, which has been open since April 9, east of the town of Thnal Totung, and to put heavy pressure on Phnom Penh in the coming weeks.

The Communists continued to give attention to the Mekong River supply route between Phnom Penh and Neak Luong last week as they tried to stop convoys from reaching the capital. Communist fire hit most of the eight ships in the convoy that arrived in Phnom Penh on May 18.

The government is trying to take advantage of the lull to reopen Routes 3 and 5. On May 18, government forces began moving south along Route 3 toward Tram Khnar, but at last report had advanced only about three miles against light Communist resistance. No progress has been reported in a multi-battalion effort to reopen Route 5, which began on Saturday.

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CHINA-USSR

Sino-Soviet trade last year reached \$250 million, recovering from a low of \$47 million in 1970. Despite this increase, the USSR accounts for only 3 percent of total Chinese trade, compared with 40 to 50 percent during the 1950s.

A Chinese trade delegation arrived in Moscow early last month to negotiate this year's trade agreement. Soviet officials say they expect about the same level of trade this year as last.

There are good economic as well as political reasons why trade is unlikely to increase significantly. The USSR has long since lost the favored trading position it had in the 1950s, and now must compete for the China market with Japan, the industrial nations of Western Europe, and the US. China's access to Western aviation equipment, for example, has eliminated Moscow's virtual monopoly on sales of these items.

Peking also is giving priority attention to acquiring advanced technology from abroad--the kinds of technology that the Soviets are producing for themselves only with the greatest difficulty.

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NOTES

Japan-US: Japan's trade surplus with the US in April was less than half that for the same month last year. Exports to the US decreased slightly--only the second monthly decline in the last six years--and imports, led by foodstuffs, rose by 43 percent. While exports to the US should pick up somewhat in the coming months, imports will continue to grow at a much higher rate, thus continuing the trend of reduced surpluses that began last December.

MBFR: An informal working group of six NATO and four Warsaw countries will begin discussion of the MBFR agenda today. At the plenary session last Thursday, the Polish delegate proposed that the agenda be limited to three items: a description of the scope of the negotiations, the geographic area that will be covered, and the "leading principle" of undiminished security for all participants. NATO participants now seem agreed that it is best to avoid detailed substantive discussions at this time, and the Polish concepts should cause no major problems unless phrases such as "undiminished security" are formulated in an objectionable way.

Lebanon: Prime Minister Hafiz' decision to remain in office should provide a breathing spell in domestic politics. Some minor reshuffling in the cabinet may occur later to accommodate the Muslim community which, according to Hafiz, wants greater representation.

Laos: The cease-fire continues to hold up well. There has been no major fighting since the North Vietnamese attack on Tha Viang over a month ago. Minor skirmishes have occurred southeast of Thakhek in the central panhandle and near Phiafay in the far south. Most major North Vietnamese combat units remain in their normal areas of operation.

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